

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 393, As Amended

BY EDUCATION COMMITTEE

AN ACT

RELATING TO RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE; AMENDING SECTION 33-3723, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE, TO PROVIDE FOR THE ADMINISTRATION OF THE FUND BY THE DEPARTMENT OF HEALTH AND WELFARE, TO PROVIDE FOR MONEYS PAYABLE INTO THE FUND AND TO PROVIDE FOR INCOME, EARNINGS AND COSTS OF ADMINISTRATION; REPEALING SECTION 33-3724, IDAHO CODE, RELATING TO THE RURAL PHYSICIAN INCENTIVE FUND; REPEALING SECTION 33-3725, IDAHO CODE, RELATING TO INCENTIVE PAYMENTS FROM THE RURAL PHYSICIAN INCENTIVE FUND; AMENDING SECTION 39-5902, IDAHO CODE, TO PROVIDE FOR THE RURAL PHYSICIAN INCENTIVE FUND, TO PROVIDE FOR MONEYS IN THE FUND, TO PROVIDE THAT MONEYS IN THE FUND ARE HEREBY APPROPRIATED AND TO PROVIDE FOR USES OF THE FUND; AMENDING SECTION 39-5903, IDAHO CODE, TO REVISE DEFINITIONS AND TO DEFINE TERMS; AMENDING SECTION 39-5904, IDAHO CODE, TO PROVIDE FOR THE JOINT HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANT REVIEW BOARD AND TO PROVIDE FOR THE COMPOSITION OF THE BOARD; AMENDING SECTION 39-5905, IDAHO CODE, TO PROVIDE FOR THE SCOPE OF RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANT SUPPORT, TO PROVIDE FOR GRANTS TO PHYSICIANS FOR QUALIFIED MEDICAL EDUCATION DEBT REPAYMENTS AND TO PROVIDE A PURPOSE FOR SUCH PAYMENTS, TO PROVIDE FOR RURAL HEALTH CARE ACCESS GRANT AWARDS, TO REVISE PROVISIONS RELATING TO THE RETURN OF UNUSED GRANT FUNDS AND TO PROVIDE FOR PHYSICIAN INCENTIVE GRANT AWARDS; AMENDING SECTION 39-5906, IDAHO CODE, TO PROVIDE FOR CATEGORIES OF RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANTS, TO PROVIDE FOR THE THREE CATEGORIES OF RURAL HEALTH CARE ACCESS GRANT ASSISTANCE, TO CLARIFY CERTAIN ACTIVITIES THAT FUNDS MAY BE USED FOR AND TO PROVIDE A LIMITATION ON THE USE OF PHYSICIAN INCENTIVE GRANTS; AMENDING SECTION 39-5907, IDAHO CODE, TO PROVIDE REQUIREMENTS FOR RURAL HEALTH CARE ACCESS GRANT AWARDS AND TO PROVIDE REQUIREMENTS FOR RURAL PHYSICIAN INCENTIVE GRANT AWARDS; AMENDING SECTION 39-5908, IDAHO CODE, TO PROVIDE REQUIREMENTS FOR RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE APPLICATIONS AND TO PROVIDE FOR SOURCES OF INFORMATION ASSOCIATED WITH APPLICATIONS; AMENDING SECTION 39-5909, IDAHO CODE, TO PROVIDE FOR THE RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANT AWARD SCHEDULE, TO PROVIDE FOR CERTAIN DUTIES OF THE RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE PROGRAM MANAGER, TO PROVIDE FOR THE DISBURSAL OF APPROVED RURAL HEALTH CARE ACCESS GRANTS AND TO PROVIDE FOR THE DISBURSAL OF APPROVED RURAL PHYSICIAN INCENTIVE GRANTS; AMENDING SECTION 39-5910, IDAHO CODE, TO PROVIDE CRITERIA FOR RURAL HEALTH CARE ACCESS AWARDS AND PHYSICIAN INCENTIVE AWARDS AND TO MAKE A TECHNICAL CORRECTION; REPEALING SECTION 39-5911, IDAHO CODE, RELATING TO NEGOTIATION; AND AMENDING SECTION 39-5912, IDAHO CODE, TO PROVIDE FOR THE RETURN OF CERTAIN FUNDS TO THE RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANT PROGRAM.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-3723, Idaho Code, be, and the same is hereby amended to read as follows:

33-3723. RURAL PHYSICIAN INCENTIVE FEE ASSESSMENT. The state board of education may assess a fee to students preparing to be physicians in the fields of medicine or osteopathic medicine who are supported by the state pursuant to an interstate compact for a professional education program in those fields, as those fields are defined by the compact. The fee may not exceed an amount equal to four percent (4%) of the annual average medicine support fee paid by the state. The fee must be assessed by the board and deposited in the rural physician incentive fund established in section ~~33-3724~~ 39-5902, Idaho Code, to be administered by the department of health and welfare. Moneys are also payable into the fund from state appropriations, private contributions, gifts and grants and other sources. Income and earnings on the fund shall be returned to the fund. The expenses of administering the physician incentive fund portion of the fund shall not exceed ten percent (10%) of the annual fees assessed pursuant to this section.

SECTION 2. That Section 33-3724, Idaho Code, be, and the same is hereby repealed.

SECTION 3. That Section 33-3725, Idaho Code, be, and the same is hereby repealed.

SECTION 4. That Section 39-5902, Idaho Code, be, and the same is hereby amended to read as follows:

39-5902. RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE FUNDS.  
(1) There is hereby created in the state treasury a fund known as the "Rural Health Care Access Fund." Subject to appropriation by the legislature, moneys in the fund shall be used exclusively for the purpose of grants for improving access to primary care medical services in areas designated as primary care health professional shortage areas and medically underserved areas and their administration pursuant to this chapter.

(2) There is hereby created in the state treasury a fund known as the "Rural Physician Incentive Fund." Money is payable into the fund as provided for in section 33-3723, Idaho Code. The moneys in the rural physician incentive fund are hereby appropriated for the uses of the fund. The state department of health and welfare may use the moneys in the fund to pay:

(a) The educational debts of rural physicians who practice primary care medicine in medically underserved areas of the state that demonstrate a need for assistance in physician recruitment; and

(b) The expenses of administering the rural physician incentive program. The expenses of administering the program shall not exceed ten percent (10%) of the annual fees assessed pursuant to section 33-3723, Idaho Code.

SECTION 5. That Section 39-5903, Idaho Code, be, and the same is hereby amended to read as follows:

39-5903. DEFINITIONS. As used in this chapter:

1 (1) "Applicant" means an entity submitting documents required by the  
 2 rural health care access program department for the purpose of requesting  
 3 a grant from the rural health care access ~~fund~~ and physician incentive pro-  
 4 gram.

5 (2) "Application period" means the time period from July 1 to August 30  
 6 of the state fiscal year for which funding is requested.

7 (3) "Approval" means written notification that the application will be  
 8 awarded funding through the rural health care access ~~fund~~ and physician in-  
 9 centive program.

10 (4) "Board" means the joint health care access program and physician  
 11 incentive grant review board.

12 (5) "Community sponsoring organization" means a hospital, medical  
 13 clinic or other medical organization that is located in an eligible area and  
 14 employs physicians for purposes of providing primary care medical services  
 15 to patients.

16 (6) "Department" means the department of health and welfare.

17 (67) "Director" means the director of the department of health and wel-  
 18 fare.

19 (8) "Eligible area for physician incentive grants" means a medically  
 20 underserved area of Idaho, further defined to mean an area designated by the  
 21 United States secretary of health and human services as a health profes-  
 22 sional shortage area.

23 (79) "Grant period" means the time immediately following the applica-  
 24 tion period from July 1 through June 30 (state fiscal year) for which funding  
 25 is granted.

26 (810) "Nurse practitioner" means a health care provider licensed pur-  
 27 suant to chapter 14, title 54, Idaho Code.

28 (911) "Oral health care provider" means a dentist or dental hygienist  
 29 licensed pursuant to chapter 9, title 54, Idaho Code.

30 (102) "Physician assistant" means a health care provider licensed pur-  
 31 suant to chapter 18, title 54, Idaho Code.

32 (113) "Primary care," for purposes of rural health care access grants,  
 33 means the provision of professional comprehensive health services, includ-  
 34 ing oral health care services, that includes health education and disease  
 35 prevention, initial assessment of health problems, treatment of acute care  
 36 and chronic health problems, and the overall management of an individual's  
 37 or family's health care services as provided by an Idaho licensed internist,  
 38 obstetrician, gynecologist, pediatrician, family practitioner, general  
 39 practitioner, dentist, dental hygienist, nurse practitioner or physician  
 40 assistant. It provides the initial contact for health services and referral  
 41 for secondary and tertiary care.

42 (124) "Primary care health professional shortage area" means a geo-  
 43 graphic area or population group which the U.S. secretary of health and  
 44 human services has determined is underserved by primary care health profes-  
 45 sional(s).

46 (15) "Primary care medicine," for purposes of rural physician incentive  
 47 grants, means family medicine, general internal medicine and general pedi-  
 48 atrics. Provided however, if there is a demonstrated high level of need in an  
 49 eligible area as determined by the board, it may also include obstetrics and  
 50 gynecology, general psychiatry, general surgery and emergency medicine.

(136) "Medically underserved area" means a geographic area which the U.S. secretary of health and human services has determined is underserved by primary care health professional(s).

(17) "Qualified medical education debt" means a debt with a financial aid program or financial institution incurred to meet the educational costs of attending a medical school.

(148) "Rural health care access grant" means a grant awarded pursuant to this chapter.

(159) "Rural health care access and physician incentive program" means the program that administers the rural health care access and physician incentive funds.

(20) "Rural physician," for purposes of physician incentive grants, means a licensed Idaho physician, whether a medical doctor or doctor of osteopathic medicine, who spends a minimum of twenty-eight (28) hours per week, on average, providing primary care medicine services to patients in an eligible area.

(21) "Rural physician incentive fee" means the fee assessed by the state to students preparing to be physicians in the fields of medicine or osteopathic medicine who are supported by the state pursuant to an interstate compact for professional education in those fields, as those fields are defined by the compact.

(22) "Rural physician incentive fund" means the special revenue account in the state treasury created pursuant to section 39-5902, Idaho Code, relating to the rural health care access and physician incentive grant program.

SECTION 6. That Section 39-5904, Idaho Code, be, and the same is hereby amended to read as follows:

39-5904. JOINT HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANT REVIEW BOARD. (1) The director shall appoint the members of a board to be known as the joint health care access and physician incentive grant review board, who shall serve at the pleasure of the director. Board members shall not be compensated, but shall be reimbursed for travel expenses incurred for attendance at board meetings.

(2) The board shall meet at least annually, for the purposes described in this chapter.

(3) The board shall be composed of the following: a representative from the Idaho academy of family physicians, a representative from the nurse practitioner conference group, a rural hospital administrator, a representative from the physician assistant association, ~~the health resources section supervisor~~ a representative from the office of rural health, division of public health, a faculty member from one (1) of the Idaho family medicine residency programs, an Idaho medical association representative, an Idaho hospital association representative, an Idaho primary care association representative, an Idaho area health education center representative, a medical student program administrator representative from each state supported program, and an Idaho association of counties representative.

(4) Appointments to the board shall be for three (3) years. Board members may be reappointed at the end of each three (3) year period. Initial appointments shall be staggered in such a manner that approximately one-third

(1/3) are appointed for one (1) year, one-third (1/3) are appointed for two (2) years, and one-third (1/3) are appointed for three (3) years.

(5) A majority of the board members constitutes a quorum for the transaction of business. A majority vote is required by the quorum in finalizing decisions.

SECTION 7. That Section 39-5905, Idaho Code, be, and the same is hereby amended to read as follows:

39-5905. SCOPE OF RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANT SUPPORT. The board may award grants, in accordance with the procedures and criteria in this chapter, to governmental and nonprofit entities and to physicians for qualified medical education debt repayments for the purpose of improving access to primary health care services to rural and underserved areas and for physician loan repayment.

(1) Rural health care access grant awards:

(a) Individual grant awards will be limited to a total of thirty-five thousand dollars (\$35,000), direct and indirect costs, per year.

(2b) Applicants may propose projects for funding for up to three (3) years.

(ai) Continued funding for projects beyond the first grant year, years two (2) and three (3), shall be subject to the appropriation of funds and grantee performance.

(bii) No project may be funded for more than a total of three (3) years.

(eiii) Any unused grant funds shall be returned to the rural health care access fund by the applicant no later than ~~August 30~~ June 1 of the grant period.

(3c) No funds awarded under a grant may be used for purchase, construction, renovation or improvement of real property or for projects which are solely or predominantly designed for the purchase of equipment. Use of funds for the purchase of equipment may be allowed when such equipment is an essential component of a program. However, the purchase of equipment may not represent more than forty percent (40%) of the total annual share of a proposal. Indirect costs shall not exceed fifteen percent (15%) of the total project.

(2) Physician incentive grant awards:

(a) A physician selected to receive a rural physician incentive grant award shall be entitled to receive qualified medical education debt repayments for a period not to exceed four (4) years in such amount as is determined annually.

(b) Award amounts shall be established annually based on recommendations of the joint health care access and physician incentive grant review board utilizing such factors as availability of funding, the number of new applicants and the hours an award recipient will devote to providing primary care medicine in an eligible area.

(c) The award shall not exceed the qualified medical education debt incurred by the recipient, and the maximum amount of educational debt repayments that a rural physician may receive shall be fifty thousand dollars (\$50,000) over such four (4) year period.

(d) All physician incentive grant awards shall be paid directly from the physician incentive fund to the physician receiving the award.

(e) The total of all awards from the rural physician incentive fund contractually committed in a year shall not exceed the annual amount deposited in the fund that same year.

(f) An award payment to a recipient in a single year is not guaranteed or assured in subsequent years and may be increased or reduced.

(g) Any unused grant funds shall be returned to the physician incentive fund by the applicant no later than June 1 of the grant period.

SECTION 8. That Section 39-5906, Idaho Code, be, and the same is hereby amended to read as follows:

39-5906. CATEGORIES OF RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANTS. (1) There are ~~four~~ three (43) categories of rural health care access grant assistance:

~~(1) Recruitment and retention of primary care providers -- Grant funds may be used for loan repayment for primary care providers, recruitment incentive, and/or reimbursement of relocation expenses for primary care providers.~~

(2a) Telehealth projects -- Grant funds may be used for projects that involve the use of telecommunications technologies for distance learning and for projects to improve access to care for rural communities.

(3b) Community development projects -- Grant funds may be used for health needs assessments, marketplace analysis, financial analysis and strategic planning activities.

(4c) Other -- Communities may choose to apply for funds for activities that they have identified and determined will help to improve access to primary care in rural areas, including loan repayment for primary care providers, recruitment incentive, and/or reimbursement of relocation expenses for primary care providers.

(2) Physician incentive grants: Grants are limited to loan repayment for physicians providing primary care medicine in eligible areas.

SECTION 9. That Section 39-5907, Idaho Code, be, and the same is hereby amended to read as follows:

39-5907. ELIGIBILITY FOR GRANTS. Applicants must meet the following requirements:

(1) Rural health care access grant awards:

(a) The geographical area to be benefitted must be located in a current primary care or dental health professional shortage area or a medically underserved area.

(2b) The applicant must be a governmental entity or a nonprofit entity registered with the Idaho secretary of state.

(2) Rural physician incentive grant awards:

(a) A physician who meets the following requirements is eligible to apply for a rural physician incentive grant award:

(i) During the period covered by the award, the physician must be a rural physician providing primary care medicine in an eligi-

ble area. A physician may provide patient care services in primary care medicine in more than one (1) eligible area;

(ii) The physician must be a doctor of medicine or doctor of osteopathic medicine and have completed an accreditation council of graduate medical education or American osteopathic association residency;

(iii) The physician must be Idaho medical board certified/board eligible, be eligible for an unrestricted Idaho medical license and be able to meet the medical staffing requirements of the sponsoring organization when applicable; and

(iv) The physician must accept medicare and medicaid patients within the capacity of his or her primary care medicine practice.

(b) Physicians who have paid the fee authorized in section 33-3723, Idaho Code, shall be given a preference over other applicants.

(c) A physician shall not be entitled to receive an award under this program if the physician is receiving payments for purposes of repaying qualified medical education debt from another state or from a federal debt repayment program.

SECTION 10. That Section 39-5908, Idaho Code, be, and the same is hereby amended to read as follows:

39-5908. RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE APPLICATIONS REQUIRED. (1) A completed ~~rural health care access~~ grant application must be submitted by the applicant for the purpose of requesting a grant or contract, on or before the conclusion of the application period specified for the appropriate grant cycle. All applications must include the required information.

(2) ~~Each application~~ The grant application and any attachments submitted by the applicant shall be the primary source of information for awarding a grant. Additionally, the board may request and/or use other information known to it in making its decision.

(3) All rural health care access applications shall include:

(a) Geographical area of need;

(b) Individual or entity requesting funds;

(c) Narrative description of the methods to be used to address needs and demonstrate the potential of the project to improve access to health care services in the community;

(d) Identification of measurable goals, objectives to be used to reach the goals, and the resources necessary to complete each activity;

(e) Estimation of how long it will take to accomplish the individual activities of the project;

(f) Demonstrated community and organizational support for the project;

(g) County or local governmental endorsement;

(h) Operating budget including:

(i) Proportion of operating budget, if any, the applicant proposes to match with the rural health care access grant funds;

(ii) Documentation of one (1) or more vendor price quotes for all proposed equipment purchases;

(iii) Contact person for verification of fiscal information;

(i) Federal tax identification number; and

(j) Other information required by the board.

~~(34) All applications must include the required information~~ All rural physician incentive applications shall:

(a) Be on a form prescribed by the rural health care access and physician incentive board; and

(b) Include a letter of support along with supporting documentation.

~~(4) The grant application and any attachments submitted by the applicant shall be the primary source of information for awarding a grant. Additionally, the board may request and/or use other information known to them in making their decision.~~

SECTION 11. That Section 39-5909, Idaho Code, be, and the same is hereby amended to read as follows:

39-5909. RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE GRANT AWARD SCHEDULE. The board shall conduct the grant process in accordance with the following schedule:

(1) The rural health care access ~~director~~ and physician incentive program manager will generate, and make available, a list of areas eligible for potential grant assistance no later than May 1 prior to the application period.

(2) The rural health care access ~~director~~ and physician incentive program manager shall develop an application form and make guidance available no later than July 1 which shall initiate the application period prior to the grant period.

(3) The completed application shall be submitted no later than August 30 of the application period.

(4) The board shall issue notification to every applicant regarding the disposition of their grant request by October 30 prior to the grant period.

(5) Funds for approved rural health care access grants shall be disbursed during November of that grant period or over the course of the current grant year as funds become available.

(6) Funds for approved rural physician incentive grants shall be disbursed upon completion of six (6) months of service in an eligible area during the initial grant period and annually thereafter upon completion of a twelve (12) month term of service in an eligible area.

SECTION 12. That Section 39-5910, Idaho Code, be, and the same is hereby amended to read as follows:

39-5910. RURAL HEALTH CARE ACCESS AND PHYSICIAN INCENTIVE AWARD CRITERIA. ~~The board shall award grants~~ (1) Rural health care access awards shall be made by the board based on the following weighted criteria:

~~(1a)~~ Background of bidding organization. The applicant must show adequate experience, knowledge, and qualifications to adequately perform the scope of work: weight = 10%;

~~(2b)~~ Community and organizational support. The applicant must demonstrate community and organizational support for the project: weight = 15%;

~~(3c)~~ Specificity and clarity of scope of project. The proposal will be evaluated based on the extent to which the goals and objectives are



specific, measurable, and relevant to the purpose of the proposal and the activities planned to accomplish those objectives are germane and can be sustained beyond the grant time frame. Additionally, there must be a demonstrated need for and lack of availability of funds from other sources to address the primary health care needs of the defined area of service: weight = 35%;

(4d) Monitoring and evaluation. The proposal will be evaluated based on the extent to which the monitoring and evaluation system will document program or activity progress and measure effectiveness: weight = 15%;

(5e) Budget. The proposal will be evaluated based on the extent to which a detailed itemized budget and justification are consistent with stated objectives and planned program activities: weight = 25%.

(2) Physician incentive awards shall be made by the board based on ranking and priority of applicants in accordance with the following criteria:

(a) (i) Priority selection for physicians who were Idaho resident students and were assessed the rural physician incentive fee and paid into the fund, followed by physicians who were Idaho residents prior to completing medical school out of state and who did not contribute to the fund, followed by physicians from other states who were not Idaho residents;

(ii) Demonstrated physician shortage in the eligible area to be benefitted;

(iii) Demonstrated physician recruiting difficulties in the eligible area to be benefitted;

(iv) Support of the medical community and community leaders in the eligible area.

(b) In reviewing and weighing criteria, all relevant factors shall be considered.

(c) If a physician selected for an award of debt payments does not accept the award in the manner provided pursuant to the provisions of this chapter, then the award shall be awarded to the next eligible applicant who has not received an award.

(d) The physician is liable for the payments if the physician ceases to practice in the eligible area during the contract period.

SECTION 13. That Section [39-5911](#), Idaho Code, be, and the same is hereby repealed.

SECTION 14. That Section 39-5912, Idaho Code, be, and the same is hereby amended to read as follows:

39-5912. FRAUDULENT INFORMATION ON GRANT APPLICATION. Providing false information on any application or document submitted under this statute is a misdemeanor and grounds for declaring the applicant ineligible. Any and all funds determined to have been acquired on the basis of fraudulent information must be returned to the rural health care access ~~fund~~ and physician incentive grant program. This section shall not limit other remedies which may be available for the filing of false or fraudulent applications.